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COMMISSIONER

To: Mortgage Company Licensees and Registrants  
From: Mike Igney, Assistant Commissioner/Compliance  
Subj: Licensing and Registration Updates  
Date: September 9, 2009

Public Chapter No. 499 of the Public Acts of 2009 was signed into law by Governor Bredeesen on June 23, 2009 in order to bring the mortgage licensing laws of Tennessee into compliance with the federal *Secure and Fair Enforcement for Mortgage Licensing Act of 2008* (SAFE Act). Details about the SAFE Act can be found on the Tennessee Department of Financial Institutions' (TDFI) website at <http://www.tennessee.gov/tdfi/>. The purpose of this update is to provide you with the latest information affecting your company's license or registration and that of employed/affiliated mortgage loan originators.

**MORTGAGE LOAN ORIGINATORS**

- **Criminal Background Check**  
Every MLO must submit to a fingerprint background check in calendar year 2009. If you employ any MLOs who have not yet **submitted to a fingerprint background check in Tennessee, you are strongly encouraged to have them fingerprinted now rather than waiting until year end.** Being fingerprinted now will help expedite the MLO's license application (or renewal) that must be filed by December 31, 2009. Fingerprint instructions can be found at the following link: <http://state.tn.us/tdfi/compliance/mortgage/index.html>.
- **Applying for a Mortgage Loan Originator License**
  - Any MLO that is currently registered with your company must apply for a license from TDFI through the Nationwide Mortgage Licensing System (NMLS) during the period November 1 through December 31, 2009. Any MLO that is already licensed and sponsored by your company will simply submit a renewal request to TDFI through the NMLS during the period November 1 through December 31, 2009.

- Registered MLOs that did transition their registration to the NMLS by August 1, 2009 will apply for a license by submitting a renewal request through the NMLS between November 1, 2009 and December 31, 2009. Provided they do so, the MLO may continue to originate loans for the company named in the registration certificate, even after December 31, 2009, until such time as the Department acts on the renewal request.
- MLOs that did not transition their registration to the NMLS by August 1, 2009 may only continue to originate loans after December 31, 2009 *if* the MLO files a license application through the NMLS between November 1, 2009 and December 31, 2009, *and only if* their employer/affiliated company did timely transition the company license to the NMLS.
- If both the MLO and affiliated company failed to transition to the NMLS, then neither the MLO nor the company is authorized to continue to originate loans beyond December 31, 2009, and both must file a new license application through the NMLS for 2010. In such case, neither the MLO nor the company is authorized to originate loans beyond December 31, 2009 until such time as the new license application is acted upon by the Department.
- Effective July 31, 2009, MLO licenses issued are considered to be either “active” or “inactive” with the distinction being whether the MLO is sponsored by a licensed company. An MLO can only be “sponsored” by one licensed company at a time and can only work for the sponsoring company (and not for affiliates, subsidiaries, etc.). If a licensed MLO changes employers, the license becomes inactive until such time as the MLO is sponsored by another licensed company. **Note:** sponsorship is “automatic” for each MLO that was registered with your company prior to August 1, 2009 (meaning that no sponsorship fee is owed for these individuals). However, sponsorship is not “automatic” if the company did not timely transition its license to the NMLS. During any period that a license is inactive, the MLO is not authorized under law to originate loans.
- **SAFE Mortgage Loan Originator Test (MLO Test)**  
All MLOs must take and pass the MLO Test comprised of two components: a National Component and a State-specific Component. Both components must be passed by July 30, 2010 to retain licensure. The National component is now available. Information about test preparation and how to locate a testing location nearest you, is available at the following link; <http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Testing>. The Tennessee State-specific Component will not be ready before January 2010.

- **Pre-Licensure Coursework and Continuing Education**

All MLOs must complete twenty (20) hours of NMLS-approved pre-licensure education by July 30, 2010 to retain licensure. NMLS-approved courses can be found at the website link listed above. Beginning in calendar year 2011, all licensed MLOs will be required to annually complete eight (8) hours of NMLS-approved continuing education.

### **MORTGAGE COMPANY REGISTRANTS (“Certificate of Registration”)**

- As of July 31, 2009, the mortgage company Certificate of Registration is no longer available in Tennessee. Companies currently holding a Certificate of Registration must apply for a license for 2010.
- If the company transitioned to the NMLS by August 1, 2009, it can retain authority to do mortgage business in Tennessee after December 31, 2009 by submitting a renewal request through NMLS by December 31, 2009. This will require paying the license renewal fee of \$500 and providing an original surety bond of \$90,000 for brokers or \$200,000 for lenders and/or servicers.
- If the company did not transition to the NMLS by August 1, 2009, the company's authority to conduct mortgage business in Tennessee will expire on December 31, 2009, and the company must file a new application for a license for 2010.

### **QUESTIONS**

The TDFI website (<http://www.tennessee.gov/tdfi/>) contains additional information including Public Chapter No. 499 and the SAFE Act. You are encouraged to check back regularly for updated information. Specific questions may be directed via e-mail to [askmortgage.licensing@tn.gov](mailto:askmortgage.licensing@tn.gov) or call (615) 253-6714 to leave a message for a return call. Please contact the NMLS call center at (240) 386-4444 (or on-line at [www.stateregulatoryregistry.org/nmls](http://www.stateregulatoryregistry.org/nmls)) for NMLS-specific questions including assistance in submitting a filing through the system.